

TOWN OF BETHLEHEM

Albany County - New York

INDUSTRIAL DEVELOPMENT AGENCY

445 DELAWARE AVENUE
DELMAR, NEW YORK 12054
Telephone: (518) 439-4955
www.bethlehemida.com

Victoria Storrs
Chair

Vacant
Vice Chair/ Assistant Secretary

Tim Maniccia
Secretary

Richard Kotlow
Treasurer

David Kidera
Member

Jared Finke
Member

Christopher Bub
Member

Catherine M. Hedgeman, Esq.
*Executive Director,
Assistant Secretary and
Agency Counsel
518-439-4955*

Allen F. Maikels
*Chief Financial Officer and
Contracting Officer
518-487-4679*

John Taylor
*Senior Economic Developer
Ext. 1189*

Robin Nagengast
*Assistant Executive Director
Ext. 1164*

Audit Committee
Tuesday – January 11, 2022
8:00 a.m., Remote Meeting

NOTICE

Meetings to be held electronically

Due to the Novel Coronavirus (COVID-19) and the Delta variant, the Bethlehem IDA will meet remotely via video conference/webinar. Legislation (S.50001/A.40001) signed by Governor Kathy Hochul on 9/2/21 extended virtual public meetings.

Members of the public may view and listen to the live meetings by visiting the Town of Bethlehem Website/Meeting Portal, selecting the meeting date, and clicking on the video icon. Agendas, minutes, and videos are available at this same link. Please check the Town website for updates.

- 1. Selection of a Meeting Chair**
- 2. Approval of Minutes of March 12, 2021**
- 3. Engagement Letter 12/1/21**
- 4. Pre-Governance Letter 12/1/21**
- 5. Scope of Audit**
- 6. Schedule meeting to review draft audited financial statements and PARIS report for 12/31/21**
- 7. Adjournment**
- 8. Executive Session with Auditor**

Frank S. Venezia

Chairman

Victoria Storrs

Vice Chairman

Tim McCann

Secretary

Richard Kotlow

Assistant Secretary

Tim Maniccia

Member

David Kidera

Member

Catherine M. Hedgeman,

Esq.

Member

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Meeting Minutes

Friday, March 12, 2021

8:30 AM, Remote

Thomas P. Connolly

Executive Director,

Assistant Secretary and

Agency Counsel

518-573-2200

Allen F. Maikels

Treasurer, Chief Financial Officer

and Contracting Officer

518-487-4679

Vacant

Economic Development

Coordinator

Ext. 1189

Robin Nagengast

Assistant to the Executive Director

and Clerk

Ext. 1164

A meeting of the Town of Bethlehem Industrial Development Agency Audit Committee was convened remotely at 8:30 a.m. on Friday, March 12, 2021.

Attendance was recorded as follows:

<u>Committee Members Present</u>	<u>Committee Members Absent</u>	<u>Counsel Present</u>	<u>Town Staff Present</u>	<u>Auditors Present</u>
Frank Venezia Richard Kotlow			Tom Connolly Al Maikels Robin Nagengast	Ken Clafin John Criscone

Chairman Venezia called the meeting to order at 8:30am noting the presence of a quorum.

Upon a motion by Mr. Kotlow, seconded by Mr. Venezia, the minutes of the January 22, 2021 Audit Committee meeting were approved.

Draft Audited Financial Statements 12/31/20 & Draft SAS 114 Letter

The Audit Committee reviewed the draft audited financial statements, SAS 114 letter, and Management Discussion and Analysis. Mr. Criscone noted the addition of the COVID grant program/commitment of funds. Mr. Criscone provided unmodified opinions on all financial statements and disclaimed opinion on PARIS report.

Upon motion by Mr. Kotlow seconded by Mr. Venezia, the Audit Committee accepted the Draft Audited Financial Statements and MD&A.

Internal Control Structure and Procedures

The Committee reviewed documentation and discussed effectiveness of 2020 procedures. The procedure for receiving electronic bank statements will be reviewed and adjusted as needed.

Upon motion by Mr. Kotlow, seconded by Mr. Venezia, with all members in favor, the Audit Committee accepted the Assessment of Effectiveness of 2020 Internal Control Structure and Procedures.

Executive Session with Auditor

Upon motion by Chairman Venezia, seconded by Mr. Kotlow, the Audit Committee went into executive session at 8:53am. Mr. Connolly, Mr. Maikels, and Ms. Nagengast left the Zoom and John Criscone and Ken Clafin from Cusack & Company, CPAs, P.C. met with the Audit Committee members.

The executive session ended at 9:00am, with no action taken.

Review PARIS Report 12/31/20

The Audit Committee reviewed the PARIS report and discussed project annual reporting compliance. A final reminder/request letter will be sent to any projects that haven't responded.

Upon motion by Mr. Kotlow, seconded by Mr. Venezia, with all members in favor, the Audit Committee accepted the PARIS Report as amended for recommendation to the IDA Board.

Discuss Process for Tracking Closings, Fees and Sales Tax Exemptions for 2021

Mr. Maikels described the current process, which is performing adequately.

Discuss Tracking Sales Tax Exemptions

Mr. Maikels will provide SR62s and any additional reports to be approved early next week for review.

Annual Review of Charter

Committee members discussed the Charter and determined no changes are needed.

Upon motion by Mr. Kotlow, seconded by Mr. Venezia, with all members in favor, the Audit Committee approved the Committee Charter.

Motion to Adjourn

The meeting was adjourned on a motion by Mr. Kotlow, seconded by Mr. Venezia, at 9:26am.

Respectfully submitted,
Robin Nagengast

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MEMBERS OF:
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

December 1, 2021

Mr. Al Maikels, CFO
Town of Bethlehem Industrial
Development Agency
21 Everett Road Extension
Albany, NY 12205

We are pleased to confirm our understanding of the services we are to provide the Town of Bethlehem Industrial Development Agency for the year ended December 31, 2021.

Audit Scope and Objective

We will audit the financial statements of the governmental activities of the Town of Bethlehem Industrial Development Agency as of and for the year ended December 31, 2021. Accounting standards generally accepted in the United States of America (GAAS) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Town of Bethlehem Industrial Development Agency's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Town of Bethlehem Industrial Development Agency's RSI in accordance with GAAS. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles (GAAP) and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Schedule of Revenues, Expenditures, and Changes in Net Assets - Budget (Non-GAAP Basis) and Actual

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information:

1) Annual Financial Report for Industrial Development Agencies

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

We have identified the following significant risks of material misstatement as part of our audit planning: 1. Management override of internal controls; 2. Improper revenue recognition due to fraud.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Town of Bethlehem Industrial Development Agency's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Other Services

We will also assist in preparing the financial statements and related notes of the Town of Bethlehem Industrial Development Agency in conformity with accounting principles generally accepted in the United States of America based on information provided by you.

We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of

accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.

Management is responsible for making drafts of financial statements, all financial records and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You agree to assume all management responsibilities for the financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Cusack & Company, CPA's, LLC and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to a regulator, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Cusack & Company, CPA's, LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

We expect to begin our audit in January 2022 and to issue our reports no later than March 31, 2022. Kenneth B. Claflin, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

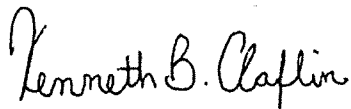
Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, work processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$3,925. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Reporting

We will issue a written report upon completion of our audit of the Town of Bethlehem Industrial Development Agency's financial statements. Our report will be addressed to the Board of Directors of the Town of Bethlehem Industrial Agency. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

We appreciate the opportunity to be of service to the Town of Bethlehem Industrial Development Agency and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



CUSACK & COMPANY, CPA'S LLC

Kenneth B. Clafin, CPA
Partner

RESPONSE:

This letter correctly sets forth the understanding of the Town of Bethlehem Industrial Development Agency.

By: _____ Title _____ Date _____

CUSACK & COMPANY
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LATHAM, NEW YORK 12110
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CERTIFIED PUBLIC ACCOUNTANTS

December 1, 2021

Mr. Al Maikels, CFO
Town of Bethlehem Industrial
Development Agency
21 Everett Road Extension
Albany, NY 12205

We are engaged to audit the financial statements of the governmental activities of the Town of Bethlehem Industrial Development Agency for the year ended December 31, 2021. Professional standards require that we provide you with the following information related to our audit. Should you like, we would be happy to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

Our Responsibility under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated December 1, 2021, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we will consider the internal control of the Town of Bethlehem Industrial Development Agency. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of the Town of Bethlehem Industrial Development Agency's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests is not to provide an opinion on compliance with such provisions.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to management's discussion & analysis (MD&A), which supplement the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on the schedule of revenues, expenditures, and changes in net assets - budget (non-GAAP basis) and actual, which accompany the financial statements but is not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have not been engaged to report on the annual financial report for industrial development agencies, which accompany the financial statements but is not RSI. Our responsibility with respect to this other information in documents containing the audited financial statements and auditor's report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information will not be audited and we will not express an opinion or provide any assurance on it.

Planned Scope and Timing of the Audit

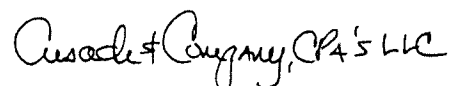
An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We expect to begin our audit in January and issue our report by March 31, 2022.

This information is intended solely for the use of members of the Board of the Town of Bethlehem Industrial Development Agency and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



CUSACK & COMPANY CPA'S, LLC